

Key economic indicators set the bar high for 2024

Carmakers exceed 4 mn sales in '23; caution ahead

SOHINI DAS
Mumbai, 1 January

Passenger vehicle (PV) sales crossed the 4 million mark for the first time, in 2023, riding on high demand for sports utility vehicles (SUV) and an overall yearly growth of 8.3 per cent. The total wholesale numbers increased to 14,08,000 units from 37,92,000 in the previous year.

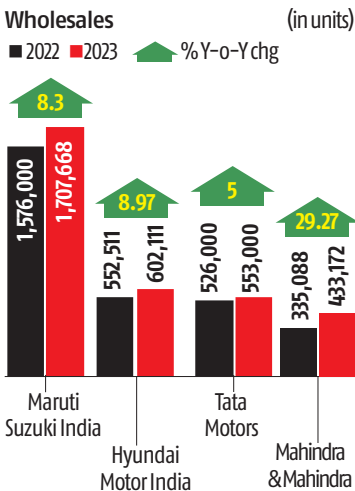
The December wholesale numbers were higher by 4.4 per cent to touch a monthly record of 287,904 units. The previous highest in December was in 2020 with 276,000 units in wholesales. 2023 has been unique as each month this year has recorded the highest ever in sales, pointed out Shashank Srivastava, senior executive officer (marketing & sales) at Maruti Suzuki India.

But, 2024 may not see similar volume growth on the high base of 2023, the industry has cautioned. Srivastava explained that the pent up demand after the pandemic (due to supply constraints) has been largely met and that the repo rate hikes would be passed on gradually. Retail sales for December 2023 were impressive—442,800 units of PVs were sold by the industry, registering a 7.8 per cent growth over the coinciding period in the previous year. Automobile original equipment makers (OEMs) have been trying to bring down inventory levels in the network, making wholesales slightly muted compared to retail sales.

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IN THE FAST LANE



Source: Companies

▶ CONSUMERS MOVED AWAY FROM DIESEL VEHICLES

GST COLLECTION STAYS BUOYANT AT ₹1.65 TRN IN DEC

INDIVIAL DHASMANA
New Delhi, 1 January

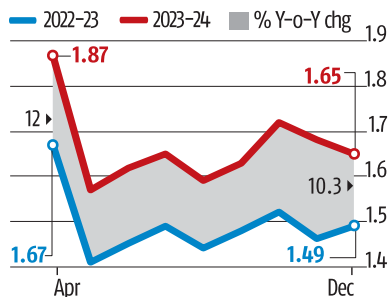
Goods and services tax (GST) collection in December declined to a three-month low due to economic activities winding down after Diwali but remained elevated at ₹1.65 trillion.

The growth rate year-on-year fell to a three-month low of 10.3 per cent over ₹1.49 trillion in December 2022-23. GST collection in a particular month is on account of production, sales, and purchases in the previous month.

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STAYING STRONG

GST collections (₹ trn)



Note: Figures are rounded off
Source: Finance Ministry

▶ UNDERSTANDING GST REVENUE PERFORMANCE

despite dwindling disinvestment receipts and expected higher revenue expenditure due to various subsidies.

The earlier data showed direct tax collection after refunds grew 20.66 per cent to ₹13.7 trillion till December 17 this financial year, accounting for a bit over three-fourths of the BE at ₹18.23 trillion for 2023-24.

In December, revenues from domestic transactions (including imports of services) were 13 per cent higher than those from these sources during the same month last year. This means GST on import of goods (integrated GST and cess) slowed collection. GST on import of goods rose just 3.65 per cent at ₹42,613 crore in December year-on-year. Barring Sikkim and Meghalaya, every state saw growth in GST collection in December. Meghalaya saw flat GST receipts at ₹171 crore.

States and Union Territories such as Ladakh, Arunachal Pradesh, Andaman and Nicobar, and Lakshadweep saw growth in the range 35-310 per cent. Saurabh Agarwal, tax partner at EY, attributed this to increased economic activities in these areas. However, Rajasthan and Chhattisgarh each recorded a mere 1 per cent growth rate in December, while Jharkhand saw a 4 per cent rise.

Carmakers...

In the beginning of December, the industry inventory was at roughly 331,000 units, and now it's sharply down to 176,500 units. The record sales this year have been driven by the demand for SUVs, which registered a 26 per cent growth YoY. The share of SUVs in PV sales

went up from 42 per cent last year to 48.7 per cent this year. The share of hatchbacks dropped from 34.8 per cent in 2022 to 30 per cent in 2023. Sedans also lost market share, going down to 9.4 per cent from 11 per cent a year ago.

Shailesh Chandra, managing director, Tata Motors Passenger Vehicles Ltd and Tata Passenger Electric Mobility Ltd, cited a strong supply situation, new nameplates in the SUV segment and a robust demand during a longer festive period to explain the 4 million sales. Coming off a high base, the industry recorded a single digit growth overall with the key highlight of this moderate rise being the sharp growth in emission-friendly product categories, he said. "Both EV and CNG segments posted growth greater than 90 per cent and 25 per cent respectively, signaling a growing preference for green and smart technologies by Indian customers."

Despite their popularity, the top three highest selling models in 2023 were not SUVs. Srivastava said that all the four top selling models this year were from MSIL - Swift, Wagon R, Baleno and Vitara Brezza. The Swift and the Wagon R sold more than 200,000 units each in 2023 while they fought for market space with SUVs.

Mahindra and Mahindra (M&M) sold 432,876 SUVs during 2023, a 30 per cent jump from 2022. Veejay Nakra, President, Automotive Division, M&M, said: "In December, we sold a total of 35,171 SUVs, a healthy growth of 24 per cent over last year. We continued to face some supply challenges on select parts. We are working

closely with our suppliers to mitigate these challenges going forward".

Hyundai Motor India (HMIL) achieved the highest ever domestic sales in a calendar year, surpassing the 600,000 sales milestone. In 2023, the company recorded sales of 602,111 units, registering a 9 per cent increase over the previous year's 552,511 units. Additionally, HMIL elevated its export performance by 10 per cent, shipping 163,675 units in 2023 over 148,300 units in the previous year. In December 2023, HMIL achieved sales of 56,450 units, comprising 42,750 units in domestic sales and 13,700 units in exports.

Tarun Garg, COO, HMIL, said: "HMIL has not just kept pace but surpassed industry growth (estimated at around 8.2 per cent), a testament to customers choosing brand Hyundai as their preferred mobility brand. Also in 2023, we proactively expanded our annual production capacity by 50,000 units to meet the increasing demand from our customers."

About 60 per cent of HMIL's sales come from SUVs, up from 53 per cent in 2022. The company now has 90,000 open bookings, of which around 23,000 are for the Creta SUV.

For Tata Motors, CY23 was the third consecutive year of posting the highest ever sales of around 553,000. "Our strong focus on retail sales during the quarter resulted in Vahan registrations significantly rising by ₹14 per cent vs Q3FY23 and ₹24 per cent vs Q2FY24," Chandra said.

MG Motor India said it had sold 56,902 units in retail. This

is a growth of 18 per cent over the previous year and marks the fourth consecutive year of growth for the company. In December 2023, the company's retail sales were 4,400 units, a 13 per cent YoY growth over the

same period in the previous year. MG is now the second largest EV seller in the country with around 25 per cent of its total sales coming from the electric models, according to the company.

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Solution tomorrow

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